



OXFORD ANALYTICA

PHILIPPINES FISCAL TRANSPARENCY

Country Report 2005

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5 Alfred Street
Oxford OX1 4EH

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PHILIPPINES



COMPLIANCE RATINGS

<i>Fiscal transparency</i>	2005	2004	2003	2002
Clarity of roles	•••	•••	•••	•••
Availability of information	••••	••••	••••	•••
Budget preparation	••••	••••	••••	•••
Accountability	••••	••••	•••	••••
Score	3.75	3.75	3.50	3.25

OUTLOOK & COMMENTARY

Efforts were made this year to increase the transparency and accountability of Local Government Units (LGUs), and to enhance their capacity to raise revenues. The ADB, the World Bank and the National Economic and Development Authority (NEDA) worked closely to provide technical assistance to LGUs.

The IMF has recognised progress in revenue collection initiatives, such as the Expanded VAT, or EVAT, reform in May 2005. After several interruptions, including a temporary restraining order from the Supreme Court on its implementation, concerns remain over the ability of the government to effectively collect the EVAT revenues as envisaged.

A number of fiscal responsibility measures are expected to be enacted by Congress in the near term. These bills would help curtail the government-guaranteed debts generated by Government Owned and/or Controlled Operations (GOCCs), and limit the proliferation of unjustified tax laws.

The resignation in October 2005 of the Ombudsman was regarded by some commentators as a negative development in terms of government efforts to tackle corruption. Concerns should be allayed once it is clear that the new Ombudsman is committed to maintaining independence from the government.

EXECUTIVE SUMMARY

3.75 Compliance in progress

Progress was made over the last twelve months towards increasing transparency practices and the availability of data, and enhancing efforts to tackle corruption and increase the efficiency of revenue collection. Complementary Information Technology (IT) programmes have helped streamline the collection, dissemination and availability of government data.

Concerns regarding fiscal sustainability remain, in particular over the level of government-guaranteed debt associated with Government Owned and/or Controlled Operations (GOCCs). Commentators and domestic analysts have widely attributed the increase in the national debt between 1997 and 2003 to the inefficiency and lack of accountability of the public sector. As noted by the World Bank, two serious obstacles to adequate governance remain the lack of commercial focus and the selection mechanisms to appoint GOCC directors and CEOs. Other perceived shortcomings include the ineffectiveness of the Commission on Audit in addressing problems and enforcing remedial action.

While fiscal responsibility measures are expected to limit the level of guaranteed-debt to a yet-to-be determined percentage of GDP by 2009, the current legal framework is not yet able to control the level of public debt incurred by GOCCs.

Major programmes are currently in place to increase tax collection and to curb tax evasion. These include including the 'Lifestyle Checks' and 'Run After Tax Evaders' programmes. Supported by increased expenditure allocations in the 2006 budget, these programmes have so far produced lacklustre results.

Decentralisation efforts have been accompanied by capacity-building programmes, which are partially funded by the ADB, the World Bank and the National Economic and Development Authority (NEDA). These aim to enhance the practice of Local Government Units in budgeting, financing and expenditure allocation.

Improvements in Information Technology (IT) capabilities continue, with various programmes such as the e-NGAS, e-Budget, and e-Procurement being implemented nationwide. This represents important progress, although there is a need to address the lack of integration across the various programmes.

The Philippines' overall score is unchanged from last year.

1. CLARITY OF ROLES, RESPONSIBILITIES AND OBJECTIVES



Enacted

The government sector should be distinguished from the rest of the public sector and from the rest of the economy, and policy and management roles within the public sector should be clear and publicly disclosed

Structure, functions, and responsibilities of government

The structure, functions and responsibilities of the different branches of government are clearly set out in the Constitution of the Republic of the Philippines and the Administrative Code of 1987. In addition to the central or national government, the public sector comprises government-owned and/or controlled corporations, the Bangko Sentral ng Pilipinas (BSP, the central bank), the Central Bank Board of Liquidators, two social security agencies, and an array of local government units (LGUs).

National government expenditure makes up about 50-60% of total government spending, the remainder being spent by the various layers of local government (provinces, municipalities, cities, and *barangays*). The Philippines launched a programme of substantial decentralisation in 1991, transferring powers, resources and expenditure responsibility to lower levels of government. The World Bank and AusAid are conducting a project to assist the local collection of taxes by LGUs.

The national government has taken steps to establish clear fiscal relations with the LGUs, including the introduction of a uniform computerised accounting system.¹ The Bureau of Local Government Finance, in the Department of Finance (DoF), guides and assists LGUs by drafting manuals of standard procedures, granting loans on soft terms for computerising their procedures for business tax and licensing, and real property assessment and collection.² Some commentators had earlier suggested that LGUs resisted computerisation both because they feared increased transparency and because of a lack of funds, though other commentators have since said that it is merely the lack of funds.³

Coordination and management of budgetary activities

Mechanisms for the coordination and management of budgetary activities are well established. The principal fiscal institutions are the DoF, the Department of Budget and Management (DBM), and the National Economic and Development Authority (NEDA).

The DoF has primary responsibility for managing the financial resources of the government, its subdivisions and associated agencies. It is responsible for formulating fiscal policy; generating and managing government resources; supervising the revenue operations of all LGUs; managing all public sector debt and contingent liabilities; and privatising government corporations and assets. The DBM is tasked with formulating and efficiently implementing the national budget, including budget programming and monitoring agency accountability. The NEDA coordinates social and economic development planning and monitors major projects.

Relations between the government and public sector agencies

The relationship between the government and the central bank is clearly established in the New Central Bank Act of 1993, which grants operational autonomy to the BSP. The BSP does not regularly extend credit to the national government, but it can make provisional advances for expenditures authorised in the annual budget for a maximum period of six months.⁴

Other public sector agencies include government financial institutions, government corporate entities, and non-financial government corporations, many of which have their own subsidiaries. These agencies are known as Government Owned and/or Controlled Corporations (GOCCs). GOCCs are directly attached to individual government departments, and are required by law to submit annual audited financial statements to the secretary of the department under whose jurisdiction they fall.⁵ Their balance sheets, cash flow statements, and income statements are only included in the budget documentation when the government has provided a cash disbursement in a particular year. As with regular companies, financial information on them is available through filings with the Securities and Exchange Commission (SEC). Audited financial statements of GOCCs are also available on the websites of the DoF and the Commission on Audit (CoA).⁶

While the financial results of fourteen monitored GOCCs are included in the Consolidated Public Sector Financial Position (CPSFP), the IMF has expressed concern that lending from government to one large GOCC, the National Power Corporation, was presented inconsistently in the national accounts as a below the line item while other net lending to GOCCs was shown above the line.⁷

Privatisation is conducted in an open manner. The bidding process is open to competition and inspection.⁸ Laws covering privatisation are available on the DoF privatisation website.⁹ However, commentators have expressed concerns over the privatisation of the transmission company Transco, mentioning that rules and regulations governing the privatisation were not as transparent as they should have been in order to guarantee confidence from foreign participants. In early 2005, the bidding strategy for the concession of Transco was changed again to open competitive bidding. IMF staff raised concern about whether frequent changes in the bidding strategy might discourage potential investors and damage the credibility of the privatisation process. With regard to generation assets, the authorities are likely to fall well short of their target of privatising 70% by the end of this year.¹⁰

The government has in place laws and policies that guide government involvement in the private sector. These include: the requirement to publish all regulations issued by administrative agencies in a newspaper of general circulation; Memorandum Order No. 266 (1989) that provides guidelines on government minority investments and joint ventures with private entities; Executive Order No. 40 (2001), Republic Act No. 9184 (2003) and Executive Order No. 109A, which outline good governance principles with respect to government contracts awarded to private entities; and the Build Operate and Transfer Law (1994) which provides a regulatory framework for infrastructure investments.¹¹

Government involvement in the private sector

The two public social security funds of the Philippines, the Social Security System (SSS) and the Government Service Insurance System (GSIS), were under significant political pressure during the Estrada administration, and made improper investments in the private sector. Both social security funds are now subject to greater scrutiny, in order to avoid repeating past problems. For example, the CoA makes available the annual audits on the two public social security funds.¹² The mandates and economic objectives of GOCCs that operate alongside the private sector are established in the corresponding Republic Acts. Commentators have expressed concerns over the misuse of special funds by the government, including the high-profile case of the Fertilizer Fund. The auditing and conclusions of the CoA have not yielded satisfactory results to date.

Also, the authorities are conducting an actuarial review of the Social Security System, to establish the depletion of reserves and the need for pension benefits and contributions to be adjusted to ensure long-term solvency of the system.¹³

There should be a clear legal and administrative framework for fiscal management

Legal framework for budgetary activities

Comprehensive budget laws and openly available administrative rules govern the disbursement of public funds in the Philippines. The president is required by the constitution to submit an annual budget proposal to Congress each fiscal year. On this basis, the legislature adopts a General Appropriations Act for the upcoming fiscal year, committing public funds to government departments, agencies and corporations. A Development Budget Coordination Committee (DBCC), comprised of the DBM, the DoF, NEDA, the Office of the President (OP), and the BSP, determines the desirable level of expenditure and debt for the president's budget submission in the context of the medium-term fiscal plan. An Executive Order mandates the formulation of medium-term fiscal plans.¹⁴

Government funds are allocated to individual departments on the basis of budget estimates that each head of department, government agency, and public corporation must submit to the DBM. These estimates set out the principal costs of submitted projects, current operating expenditures, capital outlays, sources of revenues, and contingent liabilities, such as government guarantees of the obligations of GOCCs and other transfers to GOCCs. The estimates are submitted to Congress as the president's budget in the form of the National Expenditure Programme (NEP) and the Budget of Expenditures and Sources of Financing (BESF).¹⁵

Based on the NEP, Congress approves the General Appropriations Act. The DBM uses that Act as the basis for a cash budget programme for the upcoming fiscal year drawn up in coordination with the spending agencies, the Bureau of the Treasury and the DoF, and disburses authorised funds to individual departments on a quarterly basis. The Bureau of the Treasury ensures that disbursements authorised by the DBM are fully backed up by revenues. Commentators stated that the reliability of this sophisticated fiscal framework is weakened by the ability of the president to exercise special powers that include line veto powers over bills, including revenue bills. Exercise of the president's special powers has historically been sparing, but not insignificant, and have included changes to planned budgetary expenditures.¹⁶ Furthermore, under the General Appropriations Act, two specific sections safeguard against impoundment of appropriations as well as unauthorised disbursement of funds.

As of October 2005, the budget had not been approved by Congress, and commentators expressed their concern over the fact that it may not be approved by January 2006.¹⁷

At the start of each administration, the government adopts a fiscal plan and a set of revenue, expenditure and deficit targets as part of a Medium Term Philippine Development Plan (MTPDP). The draft MTPDP for 2005-10 originally aimed to achieve a balanced budget by 2009 (this date was already moved from 2006).¹⁸ However, the government has had difficulty attaining fiscal consolidation in the short term. In this context, the government has sent drafts of eight new laws to Congress to remedy deficiencies in the tax structure, widen the tax base, introduce performance-based incentives for revenue-collecting agencies, and institutionalise additional controls to ensure fiscal sustainability.¹⁹ The Sin Tax, otherwise known as 'Reform on the Excise on Alcohol and Tobacco Products', which increased the excise tax rates on alcohol and tobacco products, was signed in December 2004. The Lateral Attrition System was signed into law in January 2005. The Lateral Attrition Act of 2005 institutionalises a system of incentives for revenue-collecting officials. The VAT Reform was enacted in May 2005. The Fiscal Responsibility Bill and a measure to introduce a system of simplified net income taxation for the self-employed are still pending in Congress. One of the components of the Fiscal Responsibility Bill would limit the number of tax bills to be issued, in view of the already plentiful and complex tax legislation.²⁰ In the light of these fiscal developments, the

government has pushed back the target for a balanced budget to 2008, with the condition that the government achieves its target of incremental VAT collection.²¹

Legal framework for taxation

An explicit legal basis for all taxes is provided in the constitution and in the National Internal Revenue Code; the latter was most recently amended by the Tax Reform Act of 1997.²² The Code tasks the Bureau of Internal Revenue (BIR) with the collection of taxes, fees and charges in the Philippines. It gives wide-ranging authority to the head of the organisation, including the power to interpret tax laws; decide disputed cases; obtain additional information on tax returns; and summon individuals for tax inquiries. Taxation laws, regulations and rulings are available via the website of the BIR. Taxpayers may refer disputes to the Appellate Division of the BIR, to the Court of Tax Appeals, and, if still unsatisfied, to the Supreme Court.²³

The government launched a Comprehensive Tax Reform Programme (CTRP) in 1998 to lower the chronically high tax evasion rates and improve the country's tax administration by stamping out corruption in the BIR.²⁴ After a successful start to the RATE (Run After Tax Evaders) Programme, initiated in March 2005 and supervised by the DoF, the lack of high profile cases or significant enforcement measures against well-known tax evaders has left the programme with little credibility.²⁵ The fragile condition of public finances has encouraged the government further to review and correct deficiencies in the tax system, including proposals to remove tax exemptions, enhance the operational capabilities of the BIR and the Bureau of Customs (BOC)²⁶, and impose new streamlined taxes on buoyant economic sectors while keeping the neutrality of fiscal incentives.²⁷ As part of the efforts to improve adjudication of tax cases, the Court of Tax Appeals was reorganised through Republic Act No. 9282 (approved on 20 March 2004), which expanded the court's jurisdiction to cover criminal offences relating to taxation, and which elevated its rank to the level of a collegiate court with special jurisdiction. It also enlarged its membership from three to six judges.

One of the current administration's key efforts to revamp the tax and customs administration is the Lateral Attrition System. The Lateral Attrition System institutionalises a system of incentives for revenue-collecting officials who meet or exceed targets and sanctions for those who fail.²⁸ All procedures should be in place by the end of 2005 so that the system is ready for operation in the BIR and the BOC at the start of 2006.²⁹

The current administration also has proposed legislation to rationalise fiscal incentives, including withdrawing inefficient and duplicate special investment incentives.³⁰ The IMF had earlier identified a need for more public information on special tax incentives provided to the private sector.³¹

Ethical standards for public servants

The Code of Conduct and Ethical Standards (R.A. 6713, of 1989) provides the legal framework and guidelines for public office and the procedures for tackling misconduct and other violations.³² Further, the Anti-Graft and Corrupt Practices Act (Republic Act 3019) contains specific provisions to fight corruption in the government -- an issue that remains a primary concern for the Macapagal-Arroyo administration.³³ Commentators have expressed concern over the lack of concrete results of the anti-corruption campaign; for example, commentators asserted that there had been no attempts to pursue well-known corruption cases. The current government has established clear procedures for exposing wrong-doing, including a Presidential Anti-Graft Commission to investigate allegations against presidential appointees and a Revenue Integrity Protection Service to investigate allegations of corruption and to conduct "lifestyle checks" of employees of DoF and its agencies.³⁴

The Office of the Ombudsman is responsible for the "lifestyle checks" programme. Since the beginning of the programme, fewer than ten high-profile cases have been filed, out of tens of thousands of employees. The programme is targeting the most corrupt agencies, that is, the Department of Public Works and Highways, the

Bureau of Customs and the Bureau of Internal Revenue. The Office of the Ombudsman lacks sufficient funds and personnel to conduct a successful Anti-Graft campaign. The most recent, highly respected, Ombudsman, resigned in October 2005. Commentators have expressed their concern over this resignation, particularly in the midst of his efforts to promote the 'lifestyle checks' assessments.

An official of the Civil Service Commission claimed in late 2004 that the Philippines lost 20-30% of its annual budget to corruption each year.³⁵

2. PUBLIC AVAILABILITY OF INFORMATION



Compliance in progress

The public should be provided with full information on the past, current and projected fiscal activity of government

Full public disclosure of all transactions by the state that involve the public interest is required by the constitution.³⁶

Central government operations

Data on central government operations are disseminated on a monthly basis and within three weeks of the end of the reference month.³⁷ Data cover budgetary and extra-budgetary activities, and are presented on a consolidated basis, with transactions between the budgetary and extra-budgetary elements eliminated. Data are disseminated on: revenue; expenditure; the balance (deficit/surplus); and financing, disaggregated into foreign financing and domestic financing.

An advance release calendar that gives one-quarter ahead notice of the precise release dates is posted on the National Statistical Coordination Board (NSCB) website.³⁸ Data are preliminary when first released, and are subject to revision for five weeks after the end of the reference month.³⁹ NEDA provides a web service -- *Economic Indicators Online* -- that monitors fiscal performance and government borrowing on a monthly basis with a three-month lag; the two data series started in the 1990s.⁴⁰ The NSCB employs a similarly refined web service to publish a set of national economic and financial data, which conform to the IMF Special Data Dissemination Standard (SDDS).⁴¹

Public sector operations

The DoF is in charge of compiling the consolidated public sector financial position. Data on the Consolidated Public Sector Financial Position (CPSFP) are disseminated on a quarterly basis, and within six months of the end of the reference period.⁴² Data cover the operations of the central government, including: budgetary and extra-budgetary activities; the impact of central bank restructuring (which began in 1993); the operations of the 14 monitored GOCCs; the social security accounts; the BSP net income account; the three government financial institutions; and all LGUs. Data are preliminary when first released and may be revised annually for up to three years.⁴³ A historical comparison of the annual CPSFP outturns for the previous six fiscal years is available from the BSP.⁴⁴

The DoF publishes the expected CPSFP for the ongoing and upcoming fiscal years, as well as a historical comparison of annual outturns for the previous three fiscal years. It also disseminates the full public resource budget, both consolidated and sectoral, for each of the years 2003-2005. Financial statements for all local government units and GOCCs are also included.⁴⁵ The Development Budget Coordination Committee (DBCC) issues six-year fiscal projections as part of a comprehensive government effort to develop multi-year planning and budgeting. The DBCC recommends six-year fiscal projections to the NEDA board headed by the president as part of a comprehensive government effort to develop multi-year planning and budgeting. These medium-term fiscal projections are published in the Medium Term Philippine Development Plan (MTPDP) as well as the Medium Term Public Investment Programme (MTPIP).

Government agencies and corporations are required to include the flows of contingent liabilities in their annual budget estimates, and to report periodically to the secretary of finance on the status of their government-guaranteed

obligations. The CPSFP includes all quasi-fiscal operations and extra-budgetary contingent liabilities: the Budget of Expenditures and Sources of Financing reports the accrued debt and contingent liabilities stemming from the liabilities assumed by the national government.⁴⁶ Determining the precise level of obligations from operations associated with the insurance scheme for bank deposits, unfunded liabilities of the public pension schemes, guarantees on risks associated with Build-Operate-Transfer (BOT) contracts, and loan guarantees extended to GOCCs and government financial institutions (GFIs) is a difficult task, but the DoF aims to capture all sources of contingent liabilities in order to include their present value in budget calculations.

Commentators have raised concerns over the level of debt-guaranteed by government agencies and corporations, that is, the GOCCs. The proposed 2006 Budget allocated 8.3 billion pesos (145 million US dollars) to government corporations, of which 57.2% will go to net lending. The Congressional Planning and Budget Department, which acts as a think-tank for Congress, has raised the importance of closely monitoring the performance of GOCCs to watch out for excessive spending on, for example, salaries and allowances.⁴⁷

A commitment should be made to the timely publication of fiscal information

Debt reporting

Data are disseminated on the total outstanding and contingent debt of the central government, including budgetary and extra-budgetary sources, on a monthly basis according to the IMF SDDS template.⁴⁸ Data comprise all liabilities of the central government, including debt liabilities for government securities such as Treasury bills and Treasury bonds, and re-lent loans to government corporations. Total outstanding debt is broken down by maturity into short, medium and long term. Data are also disseminated on debt guaranteed by government. Debt is broken down into foreign or domestic based on the residency of the debt holder.

Debt data that identify the entity that incurred debt now assumed by government are also available, separately on a monthly basis and an annual basis.⁴⁹ The monthly data series covers the preceding calendar year and the months of the current calendar year.

Data are also disseminated on the total outstanding debt indicators of the central government on a monthly basis.⁵⁰ Data comprise all liabilities of the central government for the months of the current calendar year and the two preceding calendar years. Data includes the total debt, debt service, and the effective growth rate of debt and are broken into domestic and foreign and by maturity into short, medium and long term.

All the above debt data are released within ten weeks of the end of the reference month.

The government also discloses monthly information on its cash operations, broken down into tax revenues from the BIR and the BOC and non-tax revenues, such as fees, charges and cash earned from privatisation as well as the major disaggregation of disbursements, borrowings and changes in the Treasury cash balances. A comparison of annual outturns of the main fiscal aggregates is available for 1999-2004, and monthly data for the current calendar year. Monthly data are released within three weeks of the end of the reference month; the annual cash operations report data are released within four weeks of the reference period.⁵¹

The Investor Relations Office, a joint venture by the major economic agencies of government, provides a single source for the disseminated data on the cash operations, outstanding debt, debt service, debt indicators, and fiscal position of the government.⁵²

Advance release calendars

Advance release calendars, giving one-quarter ahead notice for the precise dates of disclosing data on central government operations, debt and public sector operations (and other data), are posted on the NSCB and Treasury websites.⁵³

3. OPEN BUDGET PREPARATION, EXECUTION, AND REPORTING

●●●● Compliance in progress

Fiscal policy objectives, macroeconomic framework, and risks

Fiscal policy objectives

Annual budget proposals submitted by the president to Congress must include a statement setting forth the government's main budgetary focus for the year, the expected impact of the budget on development goals, and on monetary and fiscal objectives. The budget proposals of the Macapagal-Arroyo administration have been made within the broader development framework of MTPDPs. The MTPDP 2004-10 sets out ten basic tasks for the administration organised around five themes: economic growth and job creation; energy; social justice and basic needs; education and youth opportunity; and anti-corruption and good governance.⁵⁴

The Medium Term Expenditure Framework (MTEF), first introduced in the Budget Call for fiscal year 2000, develops a three-year rolling budget where annual baseline budgets are formulated and only new spending proposals are reviewed during the budget drafting. The MTEF is anchored on the MTPDP and has two components, the medium-term fiscal plan on the resource side and the medium-term public investment programme, along with performance indicators and reviews of agency effectiveness and performance, on the investment side.⁵⁵ A consultant has been contracted in order to initiate the manual and automated systems design project, and is conducting discussions with fiscal agencies relating to the project implementation.

As part of the MTEF, the DBM and NEDA have conducted sector effectiveness and efficiency reviews of government agencies' expenditure proposals, testing the expenditure proposals for consistency with government priorities. Fifteen agencies have started pilot programmes of the Organisational Performance Indicator Framework (OPIF). The OPIF and the MTEF are components of the Public Expenditure Management reform put in place five years ago. The OPIF focuses on the linkages between inputs, outputs, outcomes and impacts on social goals. The DBM has conducted agency performance reviews for all departments/agencies under the executive branch of government.

Macroeconomic framework

Annual budget submissions are prepared and presented within the broad macroeconomic framework of the government, represented by the MTPDP. The MTPDP 2004-10 includes integrated macroeconomic and fiscal forecasts for the term of the plan. Broad macroeconomic assumptions for the future years are contained in the Budget of Expenditures and Sources of Financing (BESF) for the relevant fiscal year.⁵⁶ The quantitative models used for budget calculations are not publicly available, but DoF and DBM officials have said in the past that their models are made available upon request.⁵⁷

Fiscal risks

A number of government departments have internal calculations/analysis of fiscal risks, but these are not explicitly identified in the budget documentation. The government prepares a sensitivity analysis of variations to its key macroeconomic assumptions underlying its budget proposal. The sensitivity analysis is incorporated in a document that accompanies the budget submission to Congress.

Several reform measures have been pulled together in a Fiscal Responsibility Bill. Among these measures, are: the removal of the automatic guarantee provisions for certain GOCCs; a cap on debt as percentage of GDP to be met by 2009; a provision stating that no new expenditures shall be enacted without accompanying new revenue measures; the formulation of a three-year Executive-Legislative Medium Fiscal Accord between the executive and legislature; and measures to increase tax collections.⁵⁸

As in 2005, The National Expenditure Programme (NEP) proposed for 2006 provides for a number of special purpose funds to cope with unforeseen circumstances, including the Calamity Fund, the Contingent Fund, and the Unprogrammed Fund.⁵⁹

Fiscal sustainability

Government analysis of fiscal sustainability is mandatory.⁶⁰ Government officers maintained that fiscal sustainability analysis, including a debt sustainability analysis undertaken by DoF, is foremost in their setting of the fiscal position. The DBM and NEDA are conducting spending-efficiency reviews of government programmes and projects, as part of the MTEF, to increase discipline over public expenditures. The CoA requires agencies to report expenditure to it quarterly; CoA identifies any expenditure in excess of an agency's appropriation and reports half-yearly. More recently, the DoF has taken steps towards the creation of a centralised Debt and Risk Management Office to further strengthen the government's capacity to identify, evaluate, and quantify the country's risk exposure.⁶¹ In 2005, this initiative was still pending. The DoF is also undertaking a streamlining programme to rationalise functions internally.⁶²

Commentators said a formal fiscal sustainability analysis was not available. They also noted that the DoF has studied estimating future liabilities of the social security funds, but these figures have not yet been incorporated in budget calculations.⁶³

Budget presentation

Data reporting

The Philippines subscribes to the SDDS, and meets its requirements for periodicity, coverage and timeliness. Data on central government operations are presented on a consolidated basis, distinguishing revenue, expenditure, balance, and financing. Expenditure is classified by economic, functional, and administrative categories. Data on central government debt comprise all liabilities of the national government and are broken down by maturity, the residency of the debt holder (domestic and foreign), and the issuer of the debt (such as government agencies and GOCCs whose loans the government guarantees). Data on public sector operations are presented on a consolidated basis (CPSFP), distinguishing revenue, expenditure, balance, and financing. Data on financing are disseminated for the public sector as a whole and for the central government and major government corporations separately, broken down into domestic and external sources of financing. The CPSFP presents the most accurate picture of the fiscal activity of the Philippine public sector, and accuracy has been improved through the quantification and inclusion of many government contingent liabilities in the balance.⁶⁴

The government is attaining significant progress -- with technical assistance from the World Bank -- on a shift towards performance-based budgeting. In September 2002, the DBM conducted the first agency performance review to assess mid-year agency performance and accomplishments. Performance targets are part of the requirements of agencies' submissions during the budget preparation, and the results of the agency performance reviews are considered while arranging the budget draft.

Budget execution and monitoring

Recognising the need for an integrated financial management information system, the government is taking several steps -- one of which is the implementation of the Internet-based e-Budget System -- to strengthen the DBM's expenditure management capability; streamline budget release procedures and improve front-line service; improve budget administration and accountability; update budget analysis and decision making; and minimise the fabrication of documents and the opportunities for "fixers" promising to arrange funds for agencies.⁶⁵ As of October 2005, the e-Budget System is being used by the DBM Central Office to release budget documents.

Accounting basis

The New Government Accounting System (NGAS) -- introduced in January 2002 by the CoA (the supreme audit authority of the Philippines) -- is designed to simplify government accounting, improve the efficiency of monitoring public sector performance, and increase the transparency of government audits through civil society involvement. More importantly, the new framework shifts from cash- to accrual-based accounting and introduces modifications to the obligation-accounting techniques. It also mandates the introduction of valuation accounting for receivables and fixed assets, and envisages the full computerisation of government accounting and the development of viable internal control systems within government agencies over the medium term.⁶⁶

The modified accrual-based NGAS has been progressively rolled out, first in manual and then electronic versions to the national government agencies and local government units (LGUs). Conversion from manual to electronic form was scheduled in batches from 2003 to 2008. The first batch replaced manual MGAS with e-NGAS starting October 2003. An additional 40 government agencies, including 15 COA regional offices are converting from manual NGAS to e-NGAS with the help of teams from the COA. Both manual and electronic versions of NGAS use the modified accrual accounting.⁶⁷ It is estimated that linkages of the e-Budget and the e-NGAS System will be implemented in part by 2006.

Procurement and employment

The Philippine government has achieved substantial improvements in procurement methods and standards. In January 2003, the Government Procurement Reform Act (GPRA, R.A. 9184) was ratified.⁶⁸ The GPRA established governing principles for transparent and competitive procurement, mandated government procurement via electronic means (Government Electronic Procurement System or G-EPS), and detailed the processes to be followed. The GPRA also made permanent changes in the manual procurement procedures that were put in place in the previous three years to make it more competitive and transparent. The reform has also created the Government Procurement Policy Board (GPPB), charged with protecting the national interest in all matters affecting public procurement and formulating rules and guidelines on government procurement. Furthermore, the GPPB also oversees the implementation of the whole procurement reform process, including recommending necessary changes to the GPRA if necessary.

In 2004, G-EPS was operating, with additional development scheduled. In 2003, government agencies and GOCCs were trained and introduced to G-EPS. In 2004, the focus shifted to LGUs, including the *barangay* level. Additional functions, including online bidding and an electronic payment system, were also developed.⁶⁹

The G-EPS has led to clear efficiency gains, savings through competition and reduced costs, and reduced scope for corruption.⁷⁰ Commentators noted that procurement had improved even before the adoption of G-EPS, because of aggressive approaches taken by individual secretaries of particular government agencies. Commentators said compliance by government agencies, which will be revealed by the volume of purchases in the system, remains the

critical factor in the success of G-EPS.⁷¹ The GPPB established its website in April 2005, which provides immediately accessible information on the latest developments and policies concerning government procurement.⁷²

The Organisation, Position Classification and Compensation Bureau of the DBM issues circulars that specify standard employment regulations for government employees, accessible to all interested parties.⁷³ The Compensation and Position Classification Act of 1989 (R.A. 6758) regulates the remuneration of Philippine civil servants, GOCCs and rank and file employees of the central bank. In 2004, the Civil Service Commission was reviewing the salary standardisation law to streamline position classifications and introduce a more performance-based and market-based compensation system.

Fiscal reporting

The government submits regular, quarterly reports on the ongoing implementation of the national budget to Congress. The General Appropriations Act for each fiscal year requires each government department and agency to submit a quarterly financial and narrative accomplishment report to the House Committee on Appropriations and the Senate Committee on Finance, with copies sent to the DBM, CoA, and the appropriate committee chairperson of Congress. The financial reports must include cumulative allotments, obligations incurred or liquidated, total disbursements, unspent balances, and the results of expended appropriations. In addition, the DBM must submit a quarterly report to the above two committees on any disbursements made from the special purpose fund, and on supplementary expenditures.⁷⁴ In addition, the government reports its fiscal position regularly to the public, disseminating data on the website of the Investor Relations Office and briefing the business community and media.⁷⁵

4. ACCOUNTABILITY AND ASSURANCES OF INTEGRITY

●●●● Compliance in progress

Data quality standards

In the past, revenue forecasts prepared by the DoF had proved overly optimistic and marred the credibility of the government's fiscal deficit targets. Revenue collection in late 2003 and in 2004 was close to or exceeded targets.⁷⁶ Government departments, such as the National Statistical Coordination Board (NSCB), NEDA and the DBM, have improved the quality and amount of data available, both for historical series and forecasts.

An inter-agency committee on Public Finance Statistics chaired by the DoF was organised to implement the IMF's recommendations on specific statistics issues and to coordinate the implementation of the migration plan to the Government Finance Statistics Manual 2001 (GFSM 2001) methodology. A technical working group, composed of representatives from the Commission on Audit and the Bureau of Local Government Finance (BLGF) was created to harmonise data on the local government sector generated by CoA and the BLGF.

Data on central government operations and debt are compiled in accordance with the rules of the CoA contained in the 1992 Government Accounting and Auditing Manual. The NGAS establishes additional provisions for accounting methods and standards for LGUs and national government agencies. Further information on the methodology and sources used is available upon request from the contact persons listed on the Philippines' SDDS Meta Data website.⁷⁷

The Philippines subscribes to the SDDS, a signal of its commitment to improving the quality of fiscal data. Previous weaknesses and time delays in data reporting are being addressed. In particular, the government has attained progress in correcting the analytical deficiencies of national accounts data. The time series data for the national accounts was broken in 1998; the government departments involved are continuing their efforts to link the new time series with historical data.⁷⁸

Independent scrutiny of fiscal information

Independent audit

Under the Administrative Code, the CoA is given the authority to examine, audit and settle all accounts relating to the receipt of revenues and expenditure of funds by the government, its subdivisions and agencies, including government corporations. Where the internal control system of the audited agencies is deemed inadequate, the CoA may adopt measures -- such as temporary and pre-audits -- that it judges necessary to remedy these deficiencies.

Article IX of the constitution specifies that the CoA, and the other constitutional commissions, shall be independent and enjoy fiscal autonomy. Under Article IX-D of the constitution, the president appoints the chairman and commissioners of the CoA, each for a term of seven years.⁷⁹ The length of their terms, in contrast to the six-year term to which a president is limited by the constitution, and the asynchronous nature of their terms give the chairman and commissioners a measure of independence from the executive. Article IX-D mandates that the CoA has exclusive authority to define the scope and techniques of its audit and examination.

The CoA is required by Article IX-D of the constitution to submit an annual report to the president and Congress on the financial condition and operation of the government, its subdivisions and agencies, and instrumentalities including the GOCCs.⁸⁰ The annual report highlights the variance between original targets and actual outturns for different fiscal aggregates. Within two months of receiving this document, government departments, agencies and public corporations are required to submit a status report to the CoA on the actions they have taken to comply with the audit findings and recommendations. Additional copies of the status report are sent to the DBM, the House Committee on Appropriations, and the Senate Committee on Finance.

Commentators said the CoA acted independently of the executive and that it was increasingly asserting itself and becoming more professional. They also noted that the CoA acted as a witness, rather than a prosecutor, and argued that the government has to do more to follow up on problems identified by the CoA.⁸¹

The CoA is changing to an audit team approach, using a team of roving auditors to carry out audits, to replace the resident auditors. Teams are being reshuffled to improve objectivity and eliminate the corruption that characterised the resident auditing regime. The CoA has also adopted a Participatory Audit Programme that works with civil society organisations to improve the transparency of the government auditing process.⁸²

National Statistics Agency

The NSCB is the highest policy-making and coordinating body of the decentralised Philippine statistical system. It is the country's independent economic development and planning agency.

The NSCB does not collect data directly. The government agency responsible for collecting, compiling and disseminating general-purpose statistics is the National Statistics Office. The National Statistics Office is required to assist the NSCB in formulating a comprehensive statistical programme for the government.⁸³

The 1987 executive order that created the NSCB did not explicitly guarantee the organisation's institutional independence, but it stipulated that the decisions of the NSCB on statistical matters were final.⁸⁴ The executive order did embrace the need for a statistical system characterised by independence, objectivity, and integrity. A 1996 executive order granted the NSCB technical independence and control over the NSCB's system of designated statistics.⁸⁵

The NSCB maintains the most sophisticated website of all Philippine government agencies. Commentators said that the NSCB operates independent of the executive arm of government and praised the timeliness and accuracy of its macroeconomic statistics.⁸⁶

A major adjustment by the National Statistics Office of revised export, import, and trade deficit figures for 2002-2004 has raised questions about the reliability of economic data. The accuracy of the country's economic data had already been questioned in 2003 when the government adjusted import data for 2000 to 2002.⁸⁷ Some commentators this year raised serious concerns over the validity, reliability and accuracy of statistics produced by the NSO.⁸⁸

INTERVIEWS

Representatives of *Oxford Analytica* interviewed the following individuals during a visit to the Philippines between 3 and 11 November 2005

Department of Finance (DoF); Securities and Exchange Commission

9 November 2005

Napoleon B. Micu	Chief	Fiscal Policy and Planning Office, DoF
Emmanuel Bonoan	Undersecretary	DoF
Visitacion A. Ugalino	Planning Officer	DoF
Ma.Teresa S. Habitan	Director IV	DoF
Stela B. Montejo	Chief	Fiscal Policy Division
Rowena S.Sta Clara	Chief, Statistics Division	DoF
Job Adrian M. Ambrosio	Consultant	PJS Law
Hubert B. Guevara	Director	Securities and Exchange Commission (SEC)
Francisco Ed. Lim	President & CEO	Philippine Stock Exchange (PSE)
Justina Fernandez-Callangan	Director	Securities and Exchange Commission (SEC)

Department of Budget and Management

8 November 2005

Estrella D. Manglo	Chief Budget and Management Specialist	DBM
Evelyn E. Managuelod	Supervising Budget and Management Specialist	DBM

Bangko Sentral ng Pilipinas

8 November 2005

Carmen V. Hemedes	Acting Deputy Director	Department of Economic Research
Illuminada T. Sicat	Officer-in-Charge	
Diwa C. Guinigundo	Deputy Governor	
Juan De Zuniga Jr	Assistant Governor	
Renato G. Pizarro	Executive Director Investor Relations Office	

ADDITIONAL INTERVIEWS

3 November 2005

Rodolfo V. Vicerra	Director	Congressional Planning and Budget
Romulo E.M. Miral Jr.	Executive Director	Congressional Planning and Budget

7 November 2005

Guillermo N. Carague	Chairman	Commission on Audit (CoA)
Emmanuel M. Dalman	Commissioner	Commission on Audit (CoA)
Carmela S. Perez	Assistant Commissioner	Commission on Audit (CoA)

9 November 2005

Ador G. Paulino	Director	Office of the Ombudsman
Cyril E. Ramos	Assistant Ombudsman	Office of the Ombudsman

10 November 2005

Joseph Yap	President	Philippine Institute for Development Studies
Rene G. Banez	Chief Governance Officer	Philippines Long Distance Telephone Company

11 November 2005

Guillermo M. Luz	Executive Director	Makati Business Club
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NOTES

- ¹ The *Manual on the New Government Accounting System for LGUs* is available from the government portal: www.gov.ph/cat_localgov/LGU-NGAS-Manual.zip. The Department of Budget and Management publishes a *Primer on Barangay Budgeting* at: www.dbm.gov.ph/dbm_publications/all_pub.htm.
- ² See the Bureau of Local Government Finance website at www.blgf.gov.ph/index.php.
- ³ Interviews in the Philippines, 14-16 October 2002 and 11-12 December 2003.
- ⁴ See: www.bsp.gov.ph/Statistics/ifs/IFS-10G.htm.
- ⁵ Administrative Code (1987), Book IV, Chapter 7.
- ⁶ The DoF website, at www.dof.gov.ph/statistics.asp?id=8 has audited financial statements from 1998 to 2002; the CoA website, at www.coa.gov.ph/COA.htm/Audit/AAR.htm, has audited annual reports 1998-2003.
- ⁷ IMF Country Report 04/180, *Philippines: Report on the Observance of Standards and Codes – Fiscal Transparency Module – Update*, June 2004, p. 2 (see www.imf.org/external/pubs/ft/scr/2004/cr04180.pdf).
- ⁸ See www.dof.gov.ph/cop/html/bid1.htm.
- ⁹ www.dof.gov.ph/cop/html/PrivaLaws-3a.htm.
- ¹⁰ IMF Country Report No 05/372, *Philippines: Post Program Monitoring Discussions – Staff Report, Staff Supplement, Public Information Notice on the Executive Board Discussion, and Statement by the Executive Director for the Philippines*, October 2005, <http://www.imf.org/external/pubs/ft/scr/2005/cr05372.pdf>.
- ¹¹ Interviews in the Philippines, 11-15 October 2004.
- ¹² See ‘Cluster II – Financial B’ at www.coa.gov.ph/COA.htm/Audit/AAR.htm.
- ¹³ IMF Country Report No 05/372, *Philippines: Post Program Monitoring Discussions – Staff Report, Staff Supplement, Public Information Notice on the Executive Board Discussion, and Statement by the Executive Director for the Philippines*, October 2005, <http://www.imf.org/external/pubs/ft/scr/2005/cr05372.pdf>.
- ¹⁴ Executive Order No. 292 (Administrative Code of 1987).
- ¹⁵ See the NEP 2005 at www.dbm.gov.ph/dbm_publications/nep_2005/nep_2005.htm; and BESF 2005 at www.dbm.gov.ph/dbm_publications/besf_2005/besf_2005.htm.
- ¹⁶ Administrative Code (1987), Book VI, Chapter 3, Section 11.
- ¹⁷ Interviews in the Philippines, 3-11 November 2005.
- ¹⁸ See the presentation, by socio-economic planning secretary Romulo L. Neri, on the NEDA website www.neda.gov.ph/ads/mtpdp/MTPDP2004-2010/MTPDP%20presentation_166slides.zip. The MTPDP was approved November 12 2004 and is posted on the NEDA website. Interviews in the Philippines, 11-15 October 2004.
- ¹⁹ Interviews in the Philippines, 11-15 October 2004.
- ²⁰ Interviews in the Philippines, 3-11 November 2005.
- ²¹ Interviews in the Philippines, 3-11 November 2005.
- ²² Constitution of the Philippines (1987), Article VI, Section 28 & 29; Tax Reform Act of 1997 (R. A. 8424). See www.bir.gov.ph/leg_guide.html and the Tax Reform Act of 1997 at www.bir.gov.ph/issu_nir.html.
- ²³ See www.bir.gov.ph/fyi_tpbi.html.
- ²⁴ ‘IMF Concludes Post-Programme Discussion on the Philippines’, IMF PIN No. 02/41, 09/04/02. The CTRP law was passed in 1997 and became effective in 1998, but some provisions became effective only in 2001.
- ²⁵ Interviews in the Philippines, 3-11 November 2005.
- ²⁶ A Run After the Smugglers (RAS) programme is now underway at the BoC. Interviews in the Philippines, 3-11 November 2005.
- ²⁷ Other measures, such as the long-awaited Special Purpose Vehicle Act (passed in January 2003) grant tax breaks and privileges for investors to create asset management companies that will acquire and invest in banks’ non-performing assets and liquefy the financial system. This law appears crucial to help banks sell up sizeable amounts of bad loans and foreclosed assets, in order to reinvigorate the banking system and help rehabilitate failed businesses.
- ²⁸ Interviews in the Philippines, 11-15 October 2004.
- ²⁹ Interviews in the Philippines, 3-11 November 2005.
- ³⁰ Interviews in the Philippines, 11-15 October 2004.
- ³¹ IMF Country Report 04/180, *Philippines: Report on the Observance of Standards and Codes – Fiscal Transparency Module – Update*, (June 2004), p. 2 (see www.imf.org/external/pubs/ft/scr/2004/cr04180.pdf).
- ³² See the Code at: www.nscb.gov.ph/ru11/aboutus/ccespoe.htm.
- ³³ In July 2003, the president ordered concentrated efforts against corrupt government officials to be pursued “with the same intensity as the present campaign against terrorism and illegal drugs”. She ordered the removal of four

officials (three from the BIR and one from the BoC) after they failed the 'lifestyle check' performed by the Department of Finance.

³⁴ The Revenue Integrity Protection Service maintains a website at www.rips.gov.ph that publicises ethical standards and allows allegations of corruption to be made and the progress of cases of corruption to be monitored.

³⁵ CSC assistant commissioner Nelson L. Acebedo, cited in 'RP loses P160 B to P240 B yearly to corruption by govt executives', *Business World*, 28 October 2004, published at www.dbm.gov.ph/current_issues/pressrelease/2004/press_102804-rp%20loses.htm

³⁶ Constitution of the Philippines (1987), Art. II, Section 28

³⁷ www.nscb.gov.ph/sdds/meta_fis_govtoper.asp. See the data at www.nscb.gov.ph/sdds/nsdp.asp#fiscal

³⁸ www.nscb.gov.ph/sdds/calendar.asp

³⁹ www.nscb.gov.ph/sdds/meta_fis_puboper.asp

⁴⁰ localweb.neda.gov.ph/%7Eioneda/National/PubFinance.html

⁴¹ www.nscb.gov.ph/sdds/nsdp.asp

⁴² See www.dof.gov.ph/stat/CPSD-CY2004.pdf

⁴³ www.nscb.gov.ph/sdds/meta_fis_puboper.asp

⁴⁴ www.bsp.gov.ph/Statistics/sefi/sefi4.htm

⁴⁵ www.dbm.gov.ph/dbm_publications/besf_2005/besf_2005.htm

⁴⁶ See the BESF, at www.dbm.gov.ph/dbm_publications/besf_2005/besf_2005.htm, for the tables on liabilities assumed by the National Government: B.21 (Domestic Debt Services) B.23 (Foreign Debt Services), D.5 (Outstanding Domestic Debt) and D.7 (Outstanding Foreign Debt).

⁴⁷ 2006 Budget Brief, Dimensions of the 2006 Expenditure Programme, No. 2005-02, October 2005, p. 13.

⁴⁸ www.treasury.gov.ph/statdata/sdds/sdds_cgdebt.pdf

⁴⁹ Monthly series at: www.treasury.gov.ph/statdata/monthly/mo_outstandingdebt.pdf; annual series at www.treasury.gov.ph/statdata/yearly/yr_outstandingdebt.pdf

⁵⁰ www.treasury.gov.ph/statdata/monthly/mo_debtindicator.pdf

⁵¹ www.nscb.gov.ph/sdds/nsdp.asp; and www.treasury.gov.ph/statdata/statdata.html

⁵² www.iro.ph/ecofindata_monthly-fiscalaccounts.asp

⁵³ www.nscb.gov.ph/sdds/calendar.asp; and www.treasury.gov.ph/statdata/arc/arc.pdf

⁵⁴ For detail on the MTPDP 2004-10, see:

www.neda.gov.ph/ads/mtpdp/MTPDP2004-2010/MTPDP%20presentation_166slides.zip

⁵⁵ Interviews in the Philippines, 11-15 October 2004.

⁵⁶ For the assumptions underpinning the 2005 budget, see:

www.dbm.gov.ph/dbm_publications/besf_2005/besf_2005_html_files/a_1.pdf

⁵⁷ Interviews in the Philippines, 14-16 October 2002.

⁵⁸ Interviews in the Philippines, 3-11 November 2005.

⁵⁹ See: www.dbm.gov.ph/dbm_publications/nep_2005/general_intro.htm#nep_2005_table2-2 and http://www.dbm.gov.ph/dbm_publications/nep_2006/tables/table1.pdf

⁶⁰ See Section 3, Chapter 2, Book VI of the Administrative Code of 1987 (Executive Order No. 292).

⁶¹ Interviews in the Philippines, 11-15 October 2004.

⁶² Interviews in the Philippines, 3-11 November 2005.

⁶³ Interviews in the Philippines, 11-15 October 2004.

⁶⁴ Interviews in the Philippines, 11-12 December 2003.

⁶⁵ Interviews in the Philippines, 11-15 October 2004.

⁶⁶ www.coa.gov.ph/COA_html/NGAS/ngasmanual.asp

⁶⁷ See www.coa.gov.ph/COA_html/Gen_Information.htm for progress reports; a description of the roll-out schedule is at www.coa.gov.ph/COA_html/COA_News/2003/v4n3/news5_v4n3.asp

⁶⁸ See the GPRA at: [www.i-site.ph/Record/GPRA/Republic%20Act%209184_\(GPRA\).doc](http://www.i-site.ph/Record/GPRA/Republic%20Act%209184_(GPRA).doc)

⁶⁹ Interviews in the Philippines, 11-15 October 2004. See the G-EPS portal at:

www.procurementservice.org/ps/index.cfm

⁷⁰ Interviews in the Philippines, 11-12 December 2003. Procurement Watch, a civil society-based monitor, has reported savings from the G-EPS of 53% from the Department of Health and 25% from the Department of the Environment and Natural Resources; see Emmanuel C. Acuña, 'Congress, public expenditures and performance measurements', *The Philippine Star*, 13 December 2003, pp. 15, 17.

⁷¹ Interviews in the Philippines, 11-15 October 2004.

⁷² www.gppb.gov.ph

⁷³ See the salary standardisation legislation and regulations at:

www.dbm.gov.ph/dbm_publications/salary_standardization/salary_standardization_new.htm

⁷⁴ Administrative Code (1987), Book VI, Chapter 5, Section 33; DBM, General Appropriations Act for Fiscal Year 2003, General Provisions, Section 89: www.dbm.gov.ph/dbm_publications/gaa_2003/gaa_links/GENPRO03.htm

⁷⁵ Interviews in the Philippines, 11-15 October 2004. Although not in place in October 2004, government officials said quarterly budget data would in the near future be available on the Investor Relations Office website, see: www.iro.ph/ecofindata.asp#quarterly. For annual fiscal accounts 1999-2004, see: www.iro.ph/ecofindata_annual-fiscalaccounts.asp

⁷⁶ Interviews in the Philippines, 11-12 December 2003; Interviews in the Philippines, 11-15 October 2004.

⁷⁷ www.nscb.gov.ph/sdds/meta_fis_govtoper.asp

⁷⁸ Interviews in the Philippines, 11-15 October 2004.

⁷⁹ See the relevant sections of Article IX-D at: www.coa.gov.ph/COA_html/Gen_Information.htm

⁸⁰ Interviews in the Philippines, 14-16 October 2002. Given that the president appoints the CoA chairman, the latter's position might be subject to political pressures. In addition, the CoA sets the accounting standards on which its external audits are based. See also IMF, Philippines: ROSC—Fiscal Transparency Module, IMF Country Report No. 02/216, October 2002.

⁸¹ Interviews in the Philippines, 11-15 October 2004.

⁸² 'The Medium Term Philippine Development Plan 2001-2004 – Part 4: Good Governance and the Rule of Law'; World Bank, 'Combating Corruption in the Philippines: An Update', Report No. 23698-PH (2001), p. iii

⁸³ Section 5 of Presidential Decree No. 418. See the website of the National Statistics Office at: www.census.gov.ph/

⁸⁴ See Executive Order 121 of 1987 at: www.nscb.gov.ph/pss/laws/eo121.asp

⁸⁵ See Executive Order 352 of 1996 at: www.nscb.gov.ph/pss/laws/eo352.asp

⁸⁶ Interviews in the Philippines, 11-15 October 2004.

⁸⁷ www.philippinebusiness.com.ph/news_updates/trade.htm

⁸⁸ Interviews in the Philippines, 3-11 November 2005.